

Newsletter January 13, 2017

Thank you for your commitment to the future of agriculture and our membership.

New \$9.7 Million Grant Funds Search for Wheat-Yield Genes

by Ann Filmer in UC Davis Food & Agriculture

Increasing wheat yield rapidly enough to meet population growth has been a challenge for wheat breeders. An international research project, headed by plant geneticist Jorge Dubcovsky, professor in the <u>Department of Plant Sciences</u> at UC Davis, is using new technology to identify the wheat genes that impact yield.

"Grain yield is one of the most difficult traits to address in wheat," said Dubcovsky.
"Fortunately, we now have more powerful tools, so we're tackling this important trait even though it is difficult. We need to identify the genes that make the grains bigger, that increase the number of grains per spikelet, and that result in more-productive tillers." (Tillers are segmented stems found in wheat and other grasses.)

Read more <u>here.</u>

National Association of Wheat Growers

Regulatory Reform Bill Passes in the House

This week the House of Representatives debated and passed H.R. 5, the Regulatory Accountability Act of 2017. The bill includes several smaller regulatory reform bills to clarify the Administrative Procedures Act and define "high impact rules"



and "major guidance" relating to Agency actions taken without a formal rulemaking process. The bill will improve requirements for final regulations and includes guidance for agencies in completing cost-benefit analysis of the impact of proposed regulations. Also included is the Small Business Regulatory Flexibility Act that required agencies to account for the direct, indirect, and cumulative impacts of new regulations on small businesses and find flexible ways to reduce them. The bill includes a requirement for advanced notice of proposed rulemaking and when publishing a proposed rule, and agencies must publish plain-language, online summaries of the proposed rule so the

public can understand the proposed action.

During debate, the House adopted an amendment by Representative Collin Peterson (D-MN), supported by NAWG, that prohibit those working in an official capacity of an agency and those receiving federal funds from the agency from advocating in support of or against a proposed rule, or appeal to the public to undertake advocacy in support of or against the rule. However, the agencies would continue to be allowed to provide information regarding the rule in an impartial manner. This amendment would address many of the issues that surrounded the Administration's actions related to the Waters of the U.S. regulation.

House Advances CFTC Reauthorization Bill

This afternoon, the House of Representatives passed legislation to reauthorize the Commodity Futures Trading Commission (CFTC) on a 239-182 vote. The Commodity End-User Relief Act (H.R. 238) includes a number of important provisions, including customer protections intended to help prevent another MF Global situation, relief from infeasible recordkeeping requirements in commodity markets, and other provisions that are beneficial to agriculture. Earlier in the week, the National Association of Wheat Growers sent a letter to Congressional offices with a number of other agricultural associations urging Members of Congress to support the reauthorization bill. The legislation will now head to the Senate for consideration.

NAWG Highlights Importance of Trade to Incoming Administration

Last week, the National Association of Wheat Growers joined with 15 other producer organizations in sending a letter to President-Elect Mike Pence to highlight the continued importance of trade to the agricultural economy, particularly as half of the U.S. wheat crop is exported

As noted in the letter, "Agriculture and agriculture-related industries contributed \$835 billion to the U.S. GDP in 2014, a 4.8 percent share." By expanding markets, free trade agreements have the potential to greatly increase the economic contribution of agriculture. The groups urged the incoming administration to emphasize expanding markets as well to ensure existing agreements are enforced. "As the Trump Administration assembles its team and politics, U.S. agricultural trade interests must be maintained, not only in existing markets but by expanding access to new markets."

In sending the letter, NAWG President Stoner noted that "NAWG not only looks forward to working with President-elect Trump and his team in developing effective trade policy for U.S. agriculture but also enforcing existing trade agreements. America's farmers are the most productive in the world and compete well in the global market place, given a level playing field." Moving forward, NAWG will continue to urge Congress and the incoming Administration to support trade agreements that create new market opportunities for U.S. wheat.

Senate Passes Budget Resolution

Early this morning, the Senate voted 51-48 to adopt a FY 2017 budget resolution that was intended by Congressional leadership to be used to repeal the Affordable Care Act

(ACA). As part of the budget resolution process, Senators are able to offer an unlimited number of amendments, and Senators are able to call for votes on those amendments. On Wednesday, the chamber held what's colloquially referred to as a "vote-a-rama" where continuous votes were held until the final budget resolution was approved. The resolution now heads to the House of Representatives where a vote is expected tomorrow. During House consideration, some amendments could be allowed as well.

If the House passes the budget resolution, it would then go through a conference process where conferees would be able to instruct authorizing Committees in the House and Senate to report a budget reconciliation bill, which would ultimately be used to repeal the ACA. In the Senate, a reconciliation bill does not require a 60 vote threshold, but only a simple majority to pass.

Looking ahead, we expect that Congress will be taking up a FY 2018 Budget Resolution this spring. As in the past, opponents of crop insurance and farm programs have often used the budget and appropriations process to come after funding for these critical programs. NAWG continues to engage Congress to discuss the difficult economic conditions in wheat country and the necessity of maintaining a strong risk management system and a sufficient safety net, and we urge wheat farmers across the country to continue contacting your elected officials to talk about how the Farm Bill is working for you during these difficult times.

California Legislative Report

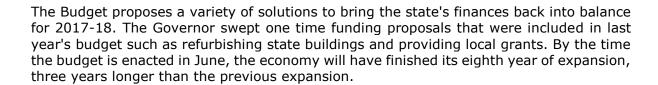
by Dennis Albiani, Legislative Advocate

Governor Releases Budget, Calls for Fiscal Prudence

This week, Governor Brown unveiled his January 2017-18 State Budget. The \$177 billion budget includes increases in education funding and prepares f

or unexpected federal budget reductions from the new administration. State revenues, which had surged during several years

of the recovery, are now beginning to lag expectations. Consequently, the budget - which remained precariously balanced even in the strongest revenue years - now faces a deficit of almost \$2 billion if action is not taken.



Below are some of the key highlights for the overall budget:



- The budget expenditures remains flat overall at \$177 billion.
- Rainy Day Fund the budget provides and additional \$1.15 billion deposit, increasing the Rainy Day Fund to \$7.9 billion by the end of 2017-18, 63 percent of the constitutional target.
- K-14 education funding is expected to grow to \$73.5 billion in 2017-18, up 55 percent or \$26.2 billion from 2011-12.
- Under the optional expansion provisions of the federal Affordable Care Act, the budget increases enrollment of this Medi-Cal population to 4.1 million Californians, with the state's General Fund share of the cost increasing from \$888 million to nearly \$1.6 billion.
- Annual maintenance and repairs of California's highways, roads and bridges are billions of dollars more than can be funded annually within existing revenues. The budget reflects the Governor's transportation package which would provide \$4.2 billion annually.
 - Gas Tax Hike Raises the state excise gas tax rate by 42 percent to 39.5 cents per gallon, while eliminating the current annual adjustments. The new gas tax would then be annually adjusted for inflation.
 - Diesel Tax Increase Increases the state diesel excise tax by 11 cents per gallon. This tax would also be adjusted annually for inflation.
 - New Vehicle Fee A new \$65 fee on all vehicles, including hybrid and electric vehicles.

In addition to the abovementioned overall budget actions, there are specific actions impacting energy, resource providers and water investments.

Climate Change

In December 2016, the Air Resources Board released the discussion draft of the Scoping Plan, providing a blueprint for reaching 2030 climate targets. Consistent with the legislative directive in Chapter 250, Statutes of 2016 (AB 197), to prioritize direct emission controls, the Plan calls for direct reductions at refineries. To complement these direct reductions, an ongoing priority for the state will be to find ways to reduce toxic air contaminants and criteria pollutants from large emitters.

- Cap and Trade The budget proposes a cap and trade program raising and expending \$2.2 billion from auction proceeds. This authority must be enacted with a 2/3 vote of the legislature.
- Department of Food and Agriculture Dairy Digesters & Alternative Fuels \$65 million.
- Department of Food and Agriculture Climate Smart Agriculture Healthy Soils \$8 million
- Energy Efficiency Department of Community Services and Housing Development Energy Efficiency Upgrades/Weatherization \$174 million
- Natural Resources Agency Urban Greening \$80 million including, Healthy Forests \$49 million and Urban Forestry \$33 million.

Water Infrastructure Investment

The California Water Action Plan provides a blueprint for California to build more reliable and resilient water systems and restore important ecosystems. The Budget builds on investments from previous years and continues to prioritize the ten actions of the

California Water Action Plan, including making conservation a way of life, increasing regional self-reliance in water supplies, expanding water storage and improving groundwater management and improving flood protection. Specific proposed expenditures include:

- The Department of Water Resources Water Use Efficiency \$70 million
- Department of Food and Agriculture State Water Efficiency and Enhancement Program \$68 million
- Water Investment Storage Program An increase of \$1.9 million in reimbursements, from the California Water Commission's allotment of \$2.7 billion Proposition 1 water storage funding, for the Department of Fish and Wildlife to support initial outreach and technical review of the ecosystem benefits of water storage project proposals.
- Sustainable Groundwater Management Act Implementation:
 - Department of Water Resources An increase of \$15 million General Fund for 29 existing positions for statewide technical assistance and to provide detailed information on basin scale water use, water supplies, and groundwater conditions. Gathering data on a statewide level is more efficient and provides greater consistency.
 - State Water Board An increase of \$2.3 million Water Rights Fund for 5 new positions and \$1.5 million in contract funds to enforce reporting requirements and protect local groundwater resources beginning July 1, 2017 in high or medium-priority groundwater basins that fail to form local governance structures as required by SGMA.

Association Works to Protect Unclaimed Gas Tax for Ag

Major transportation bills were introduced this session to address crumbling infrastructure of our state's highway system and increase funding for transportation programs. In an attempt to reprioritize funding, the authors of the two leading bills, AB 1 (Frazier) and SB 1 (Beall) are reviewing all funding sources and expenditures of the gas tax and sales taxes on gasoline. County Ag Commissioners, Department of Pesticide Regulation and CDFA receive approximately \$38 million annually. The funds derive from a gas tax that is paid by farmers and horticulture professionals on equipment used only for off road purposes.

The Association has taken a lead providing expert support and information to the authors and committee staff on all aspects of the unclaimed gas tax and how it supports programs of statewide significance to agriculture. The largest portion of the funding, approximately \$23 million, is distributed to reimburse counties for activities to detect, trap and prevent invasive species throughout the state. We have been successful in persuading key policy makers that investing these funds in these important programs prevents wider infestations that could cause quarantines, hundreds of millions in eradication costs and aggressive tactics such as increased pesticide spraying in urban areas. We will continue to work diligently on the issue to protect these funds and will be calling on association members to engage on the issue when appropriate.

Governor Makes Key Ag Labor and CDFA appointments

Today, the Governor made key appointments to the ALRB, CDFA and Cal Expo. Genevieve Shiroma, 62, of Sacramento, has been designated chair of the California Agricultural Labor Relations Board, where she has served as a member since 1999. Shiroma served as chief of the Air Quality Branch at the California Air Resources Board from 1990 to 1999, where she was an air quality engineer from 1978 to 1990.

Isadore Hall, 45, of Compton, has been appointed to the California Agricultural Labor Relations Board. Hall served as a senator for the California State Senate's 35th District from 2014 to 2016 and as an assemblymember for the California State Assembly's 64th District from 2008 to 2014. He was a member of the Compton City Council from 2003 to 2008 and the Compton Unified School District Board of Trustees from 2001 to 2003.

Taylor Roschen, 27, of Elk Grove, has been appointed assistant secretary at the California Department of Food and Agriculture, where she has been assistant legislative director since 2014 and served as an agricultural aide and executive fellow from 2013 to 2014. She was a community probation liaison at the San Luis Obispo County Probation Department in 2013, a teaching assistant at California Polytechnic State University, San Luis Obispo from 2011 to 2013 and a file clerk at Hall, Hieatt and Connely LLP from 2009 to 2012.

Margaret Mohr, 56, of Cameron Park, has been appointed deputy general manager of business development for the California Exposition and State Fair. Mohr has been chief marketing officer at e.Republic since 2010. She was vice president of marketing and promotion at ABC 10-Gannett Broadcasting from 2000 to 2010, director of marketing and promotion at KVUE 24-Gannett Broadcasting from 1995 to 2000 and director of marketing at KXAN 36-LIN Broadcasting from 1987 to 1995. Mohr is a member of the American Red Cross, Gold Country Chapter Board of Directors and the Cameron Park Community Services District Board of Directors.

Understanding New Minimum Wage Laws

Last year, in a well publicized action, the California Legislature passed SB 3 (Leno) which raised the minimum wage to \$15 and hour by 2023. The law begins with a 50 cent raise on January 1, 2017 and has incremental increases for the next 6 years. However, the legislation contained some provisions which allow for the delay in implementation for small businesses with less than 25 employees. Below is a short explanation of the 25 employee provision of the minimum wage law and a link to the Department of Industrial Relations regulatory guidance for compliance.

Employers with 26 employees or more will start January 1, 2017 at \$10.50/hour pay wage. On January 1, 2018 these employers with 26 employees or more will receive a \$0.50/hour increase, bringing their total to \$11.00/hour. From 2018 until 2022 they will receive a \$1.00/hour increase each year, until they reach \$15.00/hour.

Employers with 25 employees or less will remain at \$10.00/ hour until January 1, 2018 when they will receive a \$0.50/ hour increase. On January 1, 2019 these employers with 25 employees or less will receive another \$0.50/hour increase, bringing their total to \$11.00/hour. From 2019 until 2023 they will receive a \$1.00/hour increase each year, until they reach \$15.00/hour.

One of the challenges for small employers is to determine if they have 25 employees or more and if their workforce fluctuates, how to comply. The key to determining an employer's workforce is to count the number of employees during each pay period. If an employer is under 25 employees for the entire pay period (one week or two, for example) the employer qualifies for the delayed wage increase implementation. However, if at any

time during a pay period an employer employs 26 people or more, they must adjust their pay scale for that pay period to meet the statewide minimum wage for employers with over 26 employees. When they do this, they must notify all employees of the pay increase. If the employer then employs less than 25 employees for a pay period, they can adjust their pay scale accordingly. However, an employer must notify all employees of their current pay prior to the pay period. So if a decrease is intended by the employer, they must notify the employees of the decrease prior to the first day of the pay period.

For greater clarification on how to comply with the wage law please click here.

Federal Policy Update

House Ag Committee Subcommittee Chairs Named

House Agriculture Committee Chair Mike Conaway (R, TX) this week named subcommittee chairs for his committee for the 115th Congress. The chairs are Rep. Austin Scott (R, GA), subcommittee on commodity exchanges, energy



and credit; Rep. Frank Lucas (R, OK), subcommittee on conservation and forestry; Rep. Glenn Thompson (R, PA, subcommittee on nutrition; Rep. Rick Crawford (R, AR), subcommittee on general farm commodities and risk management; Rep. Rodney Davis (R, IL), subcommittee on biotechnology, horticulture and research, and Rep. David Rouzer (R, NC), subcommittee and livestock and foreign agriculture.

USDA Secretary Last Slot Unfilled

Some say President-elect Donald Trump is saving the best for last, but right now the secretary of agriculture job is the only cabinet level slot in the incoming administration yet to be revealed. Trump spokespeople contend the position is "too important to rush," but others say the lack of a nominee is due to political pressure on the transition team to find an acceptable minority candidate to give diversity to the Trump cabinet.

In any event, the lack of a nominee means President-elect Donald Trump will take office January 20, with no one at the helm of USDA, and confirmation hearings before the Senate Agriculture Committee are likely impossible until after Trump takes his oath of office, committee Chair Pat Roberts (R, KS) confirmed this week. House Agriculture Committee Chair Mike Conaway (R, TX) said picking the right USDA candidate is tough because of the broad range of programs housed at USDA, including income support programs, conservation, research, federal nutrition programs, including food stamps, and the forestry service.

Industry talk - citing rural America's support for Trump - continues to focus on former Georgia Gov. Sonny Perdue as the frontrunner for the USDA slot. Many expected Trump to name Perdue to the job at the end of the recently concluded American Farm Bureau

Federation (AFBF) annual convention in San Diego this week, but that didn't happen. Behind Perdue on the likely secretary list is Chuck Conner, current president of the National Council of Farmer Cooperatives and former deputy secretary of agriculture under President George W. Bush, for whom he also served as special assistant for food, agriculture and trade. Both men have interviewed with Trump.

Another wrinkle in the ag secretary selection process is regional conflict. Sen. Charles Grassley (R, IA) says he wants to see an ag secretary from "above the Mason-Dixon line" because that's where Iowa, Michigan, Wisconsin, Ohio and Pennsylvania are. Also this week, Indiana Agriculture Director Ted McKinney was seen entering Trump Tower in New York. McKinney was Vice President-elect Mike Pence's choice for state ag commissioner, and is a member of Trump's agricultural advisory committee.

However, if cynics are correct, and USDA secretary is to be the possible marquee job for women and minorities, then Cuban-born former USDA under secretary for food safety and president of Texas A & M University Dr. Elsa Murano and former California state assemblyman and Lieutenant Governor Abel Maldonado sit at the top of that list. Maldonado has the backing of the National Association of Latino Elected & Appointed Officials. His nomination, the group said, would help diversify a cabinet heavy with older rich white men. Also this week, the president and CEO of the U.S. Hispanic Chamber of Commerce wrote an opinion column backing Maldonado before meeting with the transition team "on a variety of issues."

Reports also indicate Trump's agriculture advisory committee wants the president-elect to pick a USDA secretary candidate who can understands production agriculture, can work the immigration reform issue, can promote ag trade and who can work with other Trump agency and department heads to ensure farmers and ranchers are not burdened with heavy environmental and safety regulations.

Several of the candidates for secretary may wind up accepting subcabinet USDA positions as under secretaries, deputy secretaries and assistant secretaries of agriculture.

WOTUS Rescission Battle Begins; Could Be Tougher than Thought

Senate Environment & Public Works Committee members Sens. Joni Ernst (R, IA) and Deb Fischer (R, NE) this week reintroduced a resolution under the Congressional Review Act (CRA) to force EPA to withdraw or formally kill the controversial "waters of the U.S. (WOTUS)" rule. The move will likely force a test vote, but sets up the incoming administration to kill the rule "on my first day in office" as promised during President-elect Donald Trump's campaign.

However, WOTUS is currently sitting in the 6th Circuit Court of Appeals in Cincinnati, and the first move of the new White House could be to petition the federal court to hold

the case in abeyance until new leadership at EPA and the Army Corps of Engineers can review the rule. Justice Department and EPA lawyers told reporters this week at a DC Bar Association meeting that the federal judges may be reluctant to hold the rule since it's already finalized and is already on hold by court order.

Ernst and Fischer, in introducing their resolution to overturn WOTUS, acknowledge the Clean Water Act (CWA) is important, but also said the process from proposal to final rule was flawed.

The federal attorneys explained that for the federal government to make WOTUS disappear, the agencies would have to either suspend or withdraw the rule, and then follow the lengthy notice of public comment/comment review requirements of the Administrative Procedures Act (APA) before finalizing action. The Trump administration would then have to decide if it intended to repropose the rule, and if it did, would have to start from square one.

Trump Target of Full Court Press on Ag Trade

From hammering home, the message that U.S. agriculture doesn't grow without increased trade to the need to bolster relations with Cuba, agriculture groups this week leaned heavily on President-elect Donald Trump to back off what is perceived to be an anti-trade policy agenda.

Trump has said he wants Department of Commerce Secretary-designate Wilbur Ross to "lead and steer" his administration's trade efforts, aided and abetted by Robert Lighthizer, Trump's choice to be U.S. Special Trade Representative (USTR) and Peter Novarro, designated chair of Trump's White House Nation Trade Council. Ross is set for his confirmation hearing before Senate Commerce Committee next week.

Senate Agriculture Committee Chair Pat Roberts (R, KS) met with Lighthizer this week, stressing to the former Reagan trade advisor the need for agricultural exports to be protected and "an aggressive trade policy that involves agriculture is absolutely essential."

Roberts said the Trump camp might be overcomplicating its trade agenda by reorganizing the players. "There seem to be too many cooks in the kitchen," Roberts said after the meeting. "You've got to stop and figure out who's in charge here." Lighthizer didn't answer reporters' questions after the meeting.

But ag interests were taking no chances their message might get lost in the rush to Trump's inauguration, circulating a broad agriculture letter reiterating the importance of trade to the growth of domestic agriculture to be sent to the president-elect next week.

A separate letter signed by 15 agricultural groups was delivered to the Trump transition team this week, stressing the need for an aggressive federal agricultural trade policy. "The importance of trade to America's farmers and ranchers cannot be overstated. The share of U.S. agricultural production exported overseas is 20% by volume, with some sectors being much higher." The groups explained that targeted Trump economies, including China, Mexico and Canada, are major U.S. markets.

"U.S. agricultural exports in FY2016 were nearly \$27 billion to China, over \$24 billion to Canada and nearly \$19 billion to Mexico. Disrupting U.S. agricultural exports to these nations would have devastating consequences for our farmers and the many American processing and transportation industries and workers supported by these exports," the groups wrote.

The dairy industry joined the National Association of State Departments of Agriculture (NASDA) in pushing the Trump transition team to prioritize trade, particularly remedying problems with U.S.-Canada trade under the North American Free Trade Agreement (NAFTA).

The National Milk Producers Federation (NMPF), International Dairy Foods Assn. (IDFA), the U.S. Dairy Export Council (USDEC) and NASDA urged the incoming administration to act immediately to forestall existing and "soon-to-be-expanded" protectionist policies that block U.S. dairy exports. U.S. producers are already losing money and markets due to Canadian trade barriers. The groups said that in New York and Wisconsin alone, ultra-filtered milk - a product heavily reliant on its Canadian market - has conservatively taken a \$150-million hit.

"The entire dairy industry is being hurt as milk prices are being driven down nationally by Canada's actions," the groups wrote, warning lawmakers U.S. producers are forced to move large volumes of skim milk powder into a "thinly traded global market," further depressing prices.

While the letter went to Trump, USTR-designate Lighthizer, and members of the House and Senate ag committees were copied. NASDA has previously complained directly to Ontario and Quebec ag ministers.

At the same time over 100 agriculture groups urged Trump to support President Obama's efforts to normalize trade relations with Cuba, urging him to end a ban on private financing of ag trade. "Your support in removing outdated financing and trade barriers for exporting agricultural products to our island neighbor could significantly strengthen U.S. industry, supporting 17 million jobs across the country and providing the Cuban people with high-quality American-grown food," the groups wrote.

Ethanol, GHG Benefits Outlined in USDA Report

Greenhouse gas (GHG) emissions from corn ethanol are 43% lower than those of gasoline, USDA reported this week, and that "positive disparity" is expected to increase. The department's "lifecycle analysis of ethanol and GHG emissions said when ethanol plant efficiency and farmer conservation practices are both at "optimum conditions," the ethanol-gasoline disparity jumps to 76%.

The administration report, the first of its kind from USDA, comes a week before the new administration takes office and responds to ethanol critics who have said the environmental friendliness of corn ethanol is not all it's cracked up to be if full lifecycle of the corn - from harvest to ethanol refinement - is considered. It includes in its analysis land use for corn growth, and conservation practices, including reduced tillage and cover crops, are estimated to decrease GHG output by 14%.

"This should answer critics who have repeated Big Oil's polemic that renewable biofuels somehow increase carbon emissions," said Bob Dinneen, head of the Renewable Fuels Assn. (RFS). "Clearly, the opposite is true...this is not your grandfather's ethanol industry." Reports indicate the American Petroleum Institute (API) had no comment on the USDA analysis.

The Senate's biggest ethanol cheerleader, Sen. Charles Grassley (R, IA) said the report "completely and definitively settles the debate regarding the positive environmental benefits of conventional corn ethanol. There's really no contest. Ethanol beats gasoline on lower GHG emissions by a mile."

REINS Act Sails through House, Senate Outcome Unsure; Ryan Touts Regulatory Accountability Act

While the House approved 237-187 the REINS Act, an ambitious rewrite of the way the executive branch promulgates regulations, including requiring congressional approval for any rule with a price tag of \$100 million or more, the bill's fate in the Senate is not so sure.

And in a second round of regulatory reform, House Speaker Paul Ryan (R, WI) this week tied the Regulatory Accountability Act (RAA) to the REINS Act, part of the House GOP's so-called "better way" agenda. The RAA requires federal agencies to choose "the least costly option" unless they can demonstrate a pricier rulemaking is needed to protect the public.

Ryan tried to raise eyebrows this week when he said the Obama administration promulgated nearly \$1 trillion in rulemakings - 4,432 rules - during its eight years, and

those rules required 754,208,800 hours of paperwork to comply. He said the cost of "midnight rules," those published by the administration in the last days of Obama's term, carried a \$6-billion price tag.

As to the REINS Act and its Senate fate, Sen. Rand Paul and 23 other senators have introduced the companion bill, but Democrats have already threatened to filibuster the legislation. Paul said his group had "worked very, very closely" with the Trump transition team.

USDA Says Wheat Stocks Up, Corn, Oilseed Production, Use Down

The January 2016-17 corn forecast is lower production, reduced feed and residual use, increased ethanol use and smaller ending stocks, USDA said this week in monthly supply and demand estimates. Corn production is forecast at 15.148 billion bushels, down 78 million from last month on lower harvested area and reduced yields.

Corn imports are seen increasing, based on the trend through November, 2016, said USDA. Feed and residual use are reduced 50 million bushels to 5.6 billion, based on a smaller crop, increased corn used to produce ethanol, greater sorghum feeding and bigger disappearance in September-November. Ethanol use jumped 25 million bushels to 5.325 million, a record level the department said, based on recent data from the Grain Crushings & Co-Products Production Report.

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